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To: Mr. Shepard P. Pollack
From: W. W. McDowell
Subject: FTC -- CO

Date: December 18, 1978

cc
J. CAMPBELL
A. LUXMORE
J. CRITCHTON
WICKHAM

for info
No decision yet but
this is a possibility
JSM

The Federal Trade Commission has announced that they plan to test cigarettes for CO and to publish numbers by brand. Whether they are in fact testing, or continuing experimental work, is uncertain and no date has been given for publication. Secretary Califano indicated in a speech to the American Cancer Society that CO numbers would be published in the spring of 1979, but no official date has been set.

If testing is in fact underway, which is unlikely, the testing would have to be done on the cigarettes picked up in March 1978 for the regular tar and nicotine test. The tar and nicotine publication based on this pickup will probably be published in March 1979, although this date is not certain.

If the new numbers are published in March 1979, the next pickup for tar and nicotine and CO testing would be in February for publication no earlier than six months after the pickup and, more likely, twelve months (based on past experience).

With current inventory levels and production lead times, it would not be possible to have the lowered CO Marlboro Red and Benson & Hedges 100's in the field by the February pickup. On the other hand, there is considerable precedent for having the FTC perform a special pickup after a product change has been made.

With the lead times involved, we could almost certainly have the changed Marlboro and Benson & Hedges products in the field in time for a special pickup and inclusion in the subsequent report if we acted to change the products when we received notification that the next pickup was to be made. The timing parameters are outlined below:

Notification -- one month prior to pickup

Special Pickup -- no less than two months prior
to publication

Pickup to Publication -- six to twelve months

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Notification to Latest Special Pickup -- five to
eleven months

Notification to Product in the Field -- four months

Therefore, changing the products prior to the notification of the next pickup is not likely to alter the outcome and would unnecessarily increase costs in the meantime.

However, waiting for notification does have risks, principally that the FTC will depart from their historical pattern. In view of the risks, the following program is recommended:

- Begin building an inventory of perforated tipping paper in January. This means product specifications must be set.
- Target production of diluted Marlboro for April 1st. This will result in field availability by June 30th, in time for a special pickup if necessary.
- Delay conversion of B&H until FTC intentions are clearer.

WWM:od

cc: Mr. H. Cullman
Mr. T. T. Goodale
Mr. A. Holtzman
Mr. F. E. Resnik

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<u>BRAND</u>	<u>CO, mg/cigt.</u>	<u>Dilution, %</u>
Marlboro 85	14.9	9
Merit 85	10.1	31
Marlboro Lights 85	12.7	17
Virginia Slims 100	14.5	15
Marlboro Lights 100	13.2	23
B & H Lights 100	12.9	26
P. M. Commander	14.0	None
B & H 100	15.5	12
Parliament Lights 100	11.3	25
Alpine 85	13.3	14
B & H 70	<1.0	77
B & H 85	11.3	19
Multifilter 85	10.6	25
Parliament 80	9.2	24
Parliament 85	9.5	27
Philip Morris 70	11.6	None

The above data is based on samples manufactured from May through October, 1979. This period of time covers the sampling carried out by the Federal Trade Commission for the forthcoming report.

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